100TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

RPT. 100-245
Part 1

NATIONAL COMMISSION ON ACQUIRED IMMUNE DEFICIENCY SYNDROME ACT

JULY 28, 1987.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. MONTGOMERY, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 2881 which on July 1, 1987, was referred jointly to the Committee on Energy and Commerce, and the Committee on Veterans' Affairs]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 2881) to establish a National Commission on Acquired Immune Deficiency Syndrome, having considered the same, reports favorably thereon with an amendment, by unanimous voice vote, and recommends that the bill as amended do pass.

The amendment (stated in terms of the page and line numbers of the introduced bill) is as follows:

Page 3, strike out line 14 and all that follows through line 18 on page 4 and insert in lieu thereof the following:

(a) NUMBER AND APPOINTMENT.—(1) The Commission shall be composed of 15 members as follows:

(A) Five members appointed by the President, of whom two shall be the Secretary of Health and Human Services and the Administrator of Veterans' Affairs.

(B) Five members appointed by the Speaker of the House of Representatives, of whom two shall be appointed upon the recommendation by the minority leader.

(C) Five members appointed by the President Pro Tempore of the Senate, of whom three shall be appointed upon the recommendation by the majority leader and two shall be appointed unpon the recommendation of the minority leader.

(2) Not fewer than two of the members of the Commission appointed under subparagraph (A) of paragraph (1), and not fewer than three of the members appointed under each of subparagraph (B) and (C) of that paragraph, shall be appointed from among experts in the scientific and medical communities and in legal and ethical

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issues who are specially qualified to serve on the Commission by reason of their education, training, or experience.

(3) Members of the Commission shall serve for the life of the Commission. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

INTRODUCTION

The Subcommittee on Hospitals and Health Care held a hearing on June 17, 1987 on the Veterans' Administration and Federal policy on Acquired Immune Deficiency Syndrome. Testimony was received from the Veterans' Administration, the Centers for Disease Control, and the Food and Drug Administration.

H.R. 2881, a bill to establish a National Commission on Acquired Immune Deficiency Syndrome, was introduced on July 1, 1987. On July 22, 1987 the full Committee met and ordered H.R. 2881, as amended, reported to the House by unanimous voice vote.

SUMMARY OF THE BILL

H.R. 2881 would establish a commission to be known as the National Commission on Acquired Immune Deficiency Syndrome (AIDS) to consider and make recommendations on national policy and priorities with respect to AIDS research, testing, confidentiality of test results, treatment and care of AIDS patients, prevention of transmission, and education regarding AIDS. Also to be considered by the Commission would be the appropriate roles for Federal, State, and local governments, as well as the private sector, regarding the above-named matters.

The Commission would also consider guidelines for the coordination of United States AIDS activities with those of international health organizations.

The Commission would be composed of 15 voting members including 5 appointed by the President of whom two shall be the Secretary of Health and Human Services and the Administrator of Veterans' Affairs, five by the Speaker of the House of Representatives of whom two shall be appointed upon the recommendation of the minority leader, and five by the President Pro Tempore of the Senate of whom three shall be appointed upon the recommendation of the majority leader and two upon the recommendation of the minority leader. Not fewer than two of the members of the Commission appointed by the President and not fewer than three members appointed by the Speaker of the House and the President Pro Tempore of the Senate shall be appointed from among recognized experts in the scientific and medical communities and in legal and ethical issues who are specially qualified to serve by reason of their education, training or experience.

H.R. 2881 would also require a comprehensive interim report, not later than one year after the date on which the Commission is fully constituted, on activities of the Commission including findings and recommendations. A final report would be required not later than two years after the date on which the Commission is fully constituted.

H.R. 2881 would require the Administrator of Veterans' Affairs, no later than three months after the date of enactment, to prepare a detailed compilation and synopsis of all medical research on

AIDS which has been carried out or is currently being conducted in the United States and throughout the world.

H.R. 2881 would authorize the appropriation of $2 million to carry out the duties of the Commission.

Background of the Bill

Complicated questions for public health policy are posed by every aspect of Acquired Immune Deficiency Syndrome including incidence and prevalence of both infection by the virus and development of AIDS; research; treatment; testing; legal issues; and, costs.

Since the identification and description of the AIDS virus in 1981, lags have existed between what is known and what is needed to be known in order to combat the virus and prevent death. There is no cure and there is no vaccine. The mortality rate among people who develop AIDS has generated real fear among many people. Thus, it is understandable that opinion, emotion, partisan politics and philosophical arguments have come to strongly influence discussions and debates regarding a national public health response to this epidemic.

However, this is not to suggest a lack of progress. The 1987 AIDS conference attracted 6,000 scientists, researchers and others who work with AIDS, compared with fewer than 3,000 at the previous two international AIDS conferences. The Surgeon General of the United States said at that conference, "We've learned as much about AIDS in six years as we knew about polio in 40 or whooping cough in 200 years." Educational and counseling efforts provided by all levels of government and by private, often voluntary, organizations are growing. Medical facilities are working to cope with the extra demands.

The following paragraphs are very brief overviews of selected aspects of AIDS. The paragraphs are not intended to be exhaustive, but to highlight the context of the AIDS epidemic and the concerns of the Committee as it grapples with this threat to health.

AIDS

Acquired Immune Deficiency Syndrome was initially recognized and described by health officials in the summer of 1981. AIDS is caused by a virus which impairs the immune system and leaves affected individuals susceptible to certain types of cancer and infections. The Surgeon General has reported that about 1.5 million U.S. individuals are infected and that, of these, approximately 100,000 to 200,000 will develop AIDS Related Complex (ARC) or AIDS. It is estimated that between 20 and 30 percent or more of those who have been exposed to the virus will develop a disease that fits the Centers for Disease Control (CDC) definition of AIDS within 5 years. The Surgeon General of the United States Public Health Service has reported that it is expected that those who develop the illness will eventually die, since there is no cure and there is no vaccine against infection by AIDS. Over 80 percent of AIDS patients diagnosed prior to January 1985 are now deceased.

There are blood tests which indicate the presence of antibodies to the AIDS virus, called variously HIV (human immunodeficiency virus), HTLV-III (human T-cell lymphotropic virus), or LAV

(lymphadenopathy associated virus). An individual's positive test for the presence of the antibodies is evidence of having been infected by the virus and does not mean that the individual will necessarily contract AIDS; some individuals remain apparently well for years after infection with the AIDS virus.

The AIDS virus has been found in body fluids and various body tissues and the virus is believed to be transmitted primarily through sexual intercourse and through the use of unsterilized hypodermic needles or contaminated blood or blood products. As reported by the Surgeon General of the U.S. Public Health Service, today those practicing such high risk behavior and who become infected with the AIDS virus are mainly homosexual and bisexual men and male and female intravenous drug users. In addition, the sex partners of these high risk groups are also at great risk. Dr. Edward N. Brandt, Jr., Chancellor of the University of Maryland in Baltimore and former Assistant Secretary of Health, said at the closing session of the Conference, "I think one of the most important findings was the major risk factors for AIDS remain unchanged...[and] heterosexual and perinatal transmission are now quite well established, it seems to me." The Surgeon General of the United States Public Health Service has stated that there is no risk of infection from casual contact; the control of the spread of AIDS depends currently on responsible sexual behavior and avoidance of the use of illicit intravenous drugs and needle sharing.

AIDS in the United States and Other Countries

In the United States, AIDS continues to strike mainly homosexual men (66 percent of AIDS cases) and intravenous drug abusers (17 percent); although recipients of blood transfusions (2 percent), hemophiliacs (1 percent) and heterosexuals (4 percent) also demonstrate the illness. Of the last group, thirteen hundred cases have been reported by heterosexual transmission. In testimony before the Committee, the Centers for Disease Control stated that essentially these heterosexual and pediatric cases are related to contact with persons with AIDS, at risk for AIDS, or are individuals born in countries in which heterosexual transmission is believed to play a major role. Approximately 60 percent of AIDS cases are white; 24 percent are black; and 14 percent Hispanic. As of March, 1987, 453 cases of AIDS in U.S. children have been reported. Cases of AIDS have been reported from all 50 states, the District of Columbia and 4 Territories with 53 percent of the total reported being residents of New York and California.

Preliminary studies on American military recruit applicants by the Walter Reed Institute of Research indicate that young recruits, especially females, are infected with AIDS virus at a higher rate than currently in the general population, a situation suggesting an increase in the spread of AIDS among heterosexuals. The sex ratio of infected recruits was 2.5 men to 1 woman, compared to the 13:1 ratio in the general population. In New York City, the male-to-female ratio of AIDS infection among recruits was closer to 1:1 (1.2:0.9).

The Public Health Service (PHS) report released on June 5, 1986, predicted that in 5 years AIDS will be one of the top 10 causes of death in the U.S. The PHS report projected that AIDS deaths could

total 54,000 in 1991, surpassing annual deaths from pneumonia and influenza, car accidents, diabetes, suicide, chronic liver disease, and hardening of the arteries. It is estimated that by the end of 1991, the cumulative total of AIDS cases in the United States will reach 270,000 and result in a cumulative total of nearly 180,000 deaths.

The World Health Organizations' (WHO) Collaborating Centre on AIDS in Geneva, Switzerland has received reports of 51,000 cases of AIDS from 113 countries on five continents. Twenty-eight countries around the world have reported a prevalence of more than 100 cases. WHO predicts up to 3 million new cases worldwide by 1991.

There is great interest in the apparent beginning of AIDS as a heterosexual disease in Africa. About 30 percent of prostitutes tested in Kinshasa, Zaire, had antibodies to the AIDS virus. In Rwanda, 80 percent of prostitutes surveyed were infected with the virus, and 54 percent of prostitutes in Kenya had been exposed to AIDS, confirming that such women are at high risk for this disease. The sex distribution of African cases is 1.1:1 (male to female). IV drug abuse is relatively uncommon in Africa; however, hypodermic needles are often reused and improperly sterilized in many African clinics.

AIDS Activities in the VA

In testimony before the Committee on June 17, 1987, Dr. John Gronvall, Chief Medical Director of the VA, testified that the VA's caseload has ranged from 5.3–5.8 percent of the total number of cases reported to CDC. Dr. Gronvall testified that from September 1983 to May 1987, 2,014 cases of AIDS as defined by the Centers for Disease Control have been reported to VA Central Office. However, at the same hearing, Dr. James Curran of the Centers for Disease Control reported that CDC has recorded a total of 999 AIDS patients as diagnosed at and reported by the Veterans' Administration. This discrepancy is likely to be due to double counting: VA medical centers report cases that are new to that medical center so that two (or more) medical centers may report the same case if tne veteran applies for care at more than one hospital. CDC only counts the primary report so that a veteran who may have sought care in the private sector and then transferred to the VA would not be recorded twice by CDC. The VA medical centers with the highest number of reported cases in the September 1983 to May 1987 period are:

New York (Manhattan)	324
West Los Angeles	131
San Francisco	118
Bronx	118
Miami	102
Brooklyn	99
East Orange	95
Houston	75
San Juan	73
San Diego	59

In testimony before the Committee, the Chief Medical Director predicted that the VA's cumulative caseload could equal 14,000 cases by 1991. This estimate was based on the prediction from a national conference organized by the Department of Health and Human Services that there will have been 270,000 total cumulative

cases of AIDS by the end of 1991. The Department of Defense policy on screening all active duty personnel and pre-induction recruits could modify the VA's future caseload due to eligibility requirements for VA medical care. Generally, pre-induction recruits are not eligible for VA medical benefits. Because there are relatively few, although increasing numbers, of females in the veteran population, female AIDS cases should have less impact on the VA than in the general population. However, exposure to the virus and development of AIDS depends on high risk behavior, so no definite conclusion can be reached about the future AIDS caseload in the VA.

Research in AIDS

The challenge presented by AIDS to the medical community is to stop the AIDS virus, restore the damaged immune system, and treat the opportunistic infections. Thus, research needs concerning AIDS are vast, ranging from diagnosis and patient evaluation to epidemiology, natural history of the infection and subsequent disease, drug and vaccine development, and educational techniques and methods.

Federal funding for AIDS research has increased from $200,000 in fiscal year 1981 to the current estimate of $415,575,000 in fiscal year 1987. Congresssional activity in the form of AIDS research funding contained in the appropriations bills began in fiscal year 1983. In each fiscal year since then, Congress has increased the budget for AIDS research by 76 percent to 115 percent over the previous year. The Centers for Disease Control, the Food and Drug Administration, the National Institutes of Health, the Department of Defense, and the Veterans' Administration support research in AIDS related areas either directly from targeted money or through other research means.

The Veterans' Administration reported in testimony before the Committee an entire spectrum of research on AIDS "from basic science studies of the mechanism of AIDS virus infection, through clinical trials of drugs in the treatment of veteran patients with AIDS".

There are several ongoing and ad hoc working groups, task forces, and coordinating committees that act independently to disseminate results and coordinate the national and international research activities in AIDS. These exist in addition to the normal research networks that have supported research work in the past, such as professional societies, journals, and scientific meetings.

Treatment

Because there is no known cure for AIDS, three general approaches to treatment are being used: (1) treat the opportunistic infections or cancer suffered by the patient, (2) combat the AIDS virus itself, and (3) stimulate the patient's immune system. Each of these general approaches is complicated by the nature of the AIDS virus. For example, since the incubation period for the disease may be as long as 10 years and is often asymptomatic, it may be difficult to determine when treatment should begin and for how long it should be continued. Therefore, to a large extent, treatment of patients with AIDS must depend on research.

Costs of AIDS

The estimates of the costs of treating AIDS patients have faced large methodological obstacles similar in scope to those in other aspects of AIDS. A paper issued by the Congressional Office of Technology Assessment (OTA) in May of 1987 analyzes the issues underlying the divergent estimates and suggests some summary figures based on the body of research.

The OTA reported that with past survival and treatment patterns, an AIDS patient's lifetime hospital costs have most likely been under $100,000 and annual costs for patients alive at any time during the year have been most likely under $40,000. However, OTA noted that the studies on which their summary was based excluded most services outside the hospital and pertained only to adult AIDS patients, not to pediatric patients or to people with other manifestations of HIV infection.

OTA cited "the most comprehensive and rigorous study" of national expenditures which estimated costs of $8.7 billion in 1986 and predicted costs of $66.5 billion by 1991. Eighty percent of the costs were the result from losses in productivity, reflecting that AIDS affects primarily working-age adults.

The OTA cautioned in the report that cost projections are greatly uncertain since knowledge and treatment of the disease are constantly changing, transmission of the virus has not yet peaked, and the percentage of the HIV-infected population that develops outright AIDS is unknown but appears to be increasing.It is certain that the anticipated expenses of drugs and/or vaccines will affect costs in a major way.

The Chief Medical Director of the VA testified before the Committee that the fiscal year 1985 estimated annual VA cost to treat an AIDS patient of $38,000 has been reduced to about $20,000 per year currently. He cited reduced lengths of hospital stay, less use of intensive care unit days and better facility management as reasons for the decrease. However, he cautioned that these estimates do not include the high costs of drug therapies, such as azidothymidine (AZT), that may become available.

Legal Issues in AIDS

The legal issues associated with AIDS are equally complicated and, indeed, may be more emotional than other aspects of AIDS. The Congressional Research Service has summarized the issues to include: discrimination on the basis of handicap (adults and children); equal protection, due process and the right to privacy (related to such actions as quarantines and blood testing); product liability (such situations as transmission of the AIDS virus through blood transfusions); criminal violations (such as knowingly transmitting the virus, segregation of persons with AIDS from the general population, and the rights of inmates in correctional institutions to medical care).

The Congressional Research Service said in the summary of the report, "The legal issues involving AIDS are complex and largely unresolved. They cut across many diverse legal areas and raise novel issues. Although some indications as to the resolution of these problems can be found in existing statutes and case law, fur-

ther legal development will be necessary to provide definitive answers to these issues."

Summary

The Committee recognizes that a special response is required by the enormous list of unanswered questions and the broad array of activities that are ongoing with respect to AIDS in the context of the large number of persons—veterans and non-veterans alike—who will face the virus as patients, friends, kin, and concerned citizens. The Committee understands that the level of emotion, diversity of opinion, and intensity of philosophical arguments which have come to dominate the discussions and debates regarding a national public health response partly result from a lack of knowledge and fear. Time will be required to answer some questions, but there is much that can be done with what is known, provided there is a forum in which policy can be formulated.

Discussion of the Bill

Purpose of the Commission

The reported bill would establish a National Commission on Acquired Immune Deficiency Syndrome for the purpose of studying and making recommendations for national policy with respect to AIDS. The need for a commission which includes respresentatives from several disciplines and members from the executive and legislative branches of the Federal government has become apparent as the debate over AIDS has intensified. A broad consensus among policy makers on the best approach to treatment, research, education, and prevention is an absolutely essential element of effective national policy. The Committee envisions that the Commission will undertake a thorough examination of the implications of various policies and their alternatives and make recommendations to the Congress, the President, and other appropriate policy-making entities.

It is important to note that the purposes of the Commission do not duplicate the existing functions of State and Federal agencies. Nor would the Commission necessarily duplicate the efforts of scientific and medical communities which have already demonstrated a significant capacity to explore various issues pertaining to AIDS. Instead, it will build on the fact-finding capacity already in existence in such agencies as the Centers for Disease Control and State public health authorities, and utilize the expertise and documented proceedings of the various expert bodies which have already examined many of the issues pertaining to AIDS in order to formulate credible policy recommendations to the Congress and the President. Such recommendations might include: ways to improve coordination among the various agencies involved in treating persons with AIDS; identification of particularly promising areas of research; sharing of resources such as laboratory facilities to accommodate testing of at-risk populations; legislation regulating the manner in which the cost of needed medical care is allocated among various payors; or legislation regarding the confidentiality of AIDS-related personal records. Although many of these topics

are already receiving increased attention, no consensus on their resolution has yet emerged.

Composition of the Commission

As reported, the bill requires that the composition of the Commission be as broad-based, knowledgable, and impartial as possible. The Committee also believes that, because of the urgent nature of the AIDS crisis, it is desirable to select Commission members who have a basic understanding of some aspect of the numerous issues surrounding AIDS. While it is inevitable that the ultimate decision whether or not to implement some of the Commission's recommendations may be based on political factors not considered by the Commission, the Committee believes that the Commission should not conduct itself as a political body. Its analysis and conclusions should be guided by the highest ideals and concern for the persons who are affected by AIDS; its recommendations should not be tempered by a fear of a backlash of public opinion regarding its recommendations.

The bill calls for appointment of eight experts in the areas of medicine, science, law or ethics; three of these experts will be appointed by the House, three by the Senate, and two by the President. The Committee expects that the appointing authorities will coordinate their appointments so that all areas of expertise are represented on the Commission. The Committee intends the composition of the Commission to reflect the impartiality which is essential to a credible resolution of the issues surrounding AIDS.

Role of the VA

The reported bill sets out several vital tasks for the Veterans' Administration to perform while the Commission is being formed, and also requires the Veterans' Administration to provide continuing supplemental personnel and support activities to the Commission during its existence. As noted above, the Veterans' Administration has already been thrust into a prominent role in the treatment of active AIDS cases. The Committee believes that the VA's diverse research function can also contribute to a solution to treatment and prevention problems.

The first task assigned to the Veterans' Administration is to collect a detailed compilation and synopsis of all completed or ongoing medical research on AIDS. The Committee believes that this will be an invaluable reference to the Commission in assessing the research activities related to AIDS and in recommending areas where increased emphasis may be appropriate. The Committee also believes that this will be a valuable tool for researchers who have a need to know the status of research in a wide variety of disciplines, all of which are contributing to the effort to prevent, treat, and cure AIDS.

In addition to this research effort, as the direct care provider to more AIDS patients than any other single entity in the United States, the VA is a potentially highly significant repository of information and experience which is relevant to the duties of the Commission. Accordingly, the reported bill would require the Administrator of Veterans' Affairs to submit a report on VA activities and experiences with respect to persons who are affected by AIDS.

The reported bill would require the Administrator of Veterans' Affairs to provide personnel and support services to the Commission on a reimbursable basis. This explicit authority would not limit the Commission's authority to obtain such services from other agencies or from the private sector. It is a reflection of the Committee's belief that the Veterans' Administration is in a unique position to assist the Commission because it already employs outstanding personnel in a large number of areas that could be useful to the Commission in the performance of its duties.

Appointment of Commission Members and Executive Director

The bill requires the appointment of Commission members within 45 days after the date of enactment, and requires the members to hold the first Commission meeting and select a Chairman from among members within 60 days of enactment. An executive director must be appointed not later than 30 days after the Chairman of the Commission is selected. These deadlines reflect the Committee's belief that urgent action to address the issues surrounding AIDS is needed. In other circumstances, these deadlines would be viewed as unreasonable, and the Committee is fully cognizant of the problems which will be engendered by them. Nevertheless, the Committee is alarmed that meaningful and impartial national policy which is consistent with the expectations of the American public has not yet emerged. Time is of the essence, and critical choices that should be made can no longer be delayed.

The person selected as the Executive Director should undoubtedly have a strong background in public service. It is essential that, above all else, the Director understand and instill in the Commission staff the need for absolute impartiality in the performance of the Commission's duties.

With regard to the selection and appointment of staff, the Executive Director, acting for the Commission, is given sufficient flexibility and exemption from the laws governing the executive civil service to recruit adequate staff and consultants. The Committee expects that the Executive Director will be fully cognizant of the sensitivity of the Commission's functions and take appropriate steps to insure that staff are appropriately selected and compensated.

Required reports

While the Commission is chartered by the bill for a period of two years, it is essential that the Commission members understand that the Congress expects a comprehensive report and recommendation on such matters that it has addressed during the first year of its life. In addition, the Committee expects that the Commission will structure its activities so that the most important issues are addressed as a priority during the first year. There is an urgent need to begin addressing some of the issues which the Commission is expected to make recommendations on, and it is the Committee's intention that resolution begin before the Commission completes its work.

The Committee is hopeful that recommendations on all significant issues can be made during the Commission's two year life. In the event that unforeseen circumstances dictate the examination of some issues in greater depth, and there are not alternative means

of resolving those issues, the President is authorized to extend the life of the Commission for up to two additional years.

Oversight Findings

No oversight findings have been submitted to the Committee by the Committee on Government Operations.

Inflationary Impact Statement

The reported bill would have no inflationary impact.

Congressional Budget Office Cost Estimate

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill.

U.S. Congress,
Congressional Budget Office,
Washington, D.C., July 17, 1987.

Hon. G.V. (Sonny) Montgomery,
Chairman, Committee on Veterans' Affairs,
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman: As you requested, the Congressional Budget Office has prepared the attached cost estimate for H.R. 2881, the National Commission on Acquired Immune Deficiency Syndrome Act.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

Edward M. Gramlich,
Acting Director.

cc: Hon. Gerald B.H. Solomon
Ranking Minority Member

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1. Bill number: H.R. 2881.
2. Bill title: National Commission on Acquired Immune Deficiency Syndrome Act.
3. Bill status: As introduced.
4. Bill purpose: To establish a National Commission on Acquired Immune Deficiency Syndrome.
5. Estimated cost to the Federal Government:

[by fiscal years, in millions of dollars]

	1988	1989	1990	1991	1992
Authorization level	2				
Estimated outlays	1	1			

Basis of Estimate—The authorization level for the Act is stated in the bill. This amount is assumed to be fully appropriated at the

beginning of fiscal year 1988. The bill would establish a Commission that would report to Congress within one year after the Commission is formed and issue a final report within two years. CBO expects spending by the Commission would be spread evenly over its' two year life. Since the Commission would be formed within 45 days of enactment of this bill and continue for two years thereafter, it is possible that some spending could occur in fiscal year 1990.

The bill would also require the Administrator of Veterans' Affairs to prepare a compilation and synopsis of all medical research on Acquired Immune Deficiency Syndrome (AIDS) throughout the world. The $2 million authorization stated in the bill is for the entire Act and would cover additional costs for both the Commission and the Administrator of Veterans' Affairs. CBO expects a compilation and synopsis of AIDS research to be costly. If the authorization and subsequent appropriation is insufficient, current Veterans Administration funds would have to be redirected to complete the compilation.

6. Estimated cost to state and local government: None.
7. Estimated comparison: None.
8. Previous CBO estimate: None.
9. Estimate prepared by: Carmela Dyer (226–2820).
10. Estimate approved by:

C.G. NUCKOLS,
(For James L. Blum, Assistant Director for Budget Analysis.)

AGENCY REPORTS

There follows a copy of the letter the Committee received from the Administrator of Veterans' Affairs on H.R. 2881.

VETERANS ADMINISTRATION
OFFICE OF THE GENERAL COUNSEL,
Washington, D.C., July 20, 1987.

Hon. G.V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans Affairs,
U.S. House of Representatives
Washington, D.C. 20515

DEAR MR. CHAIRMAN: We have received your letter of July 8, 1987, requesting the VA's views on H.R 2881, a bill "To establish a National Commission on Acquired Immune Deficiency Syndrome." We have begun analysis of the bill, and we will develop and forward an Agency report as soon as possible.

Considering the actions already taken by the President to create a commission to address national concerns regarding the spread of AIDS, and the need for coordination of views on this measure, we may not be able to furnish the report by the date requested. Thank you for your patience in this matter.

Sincerely,

DONALD L. IVERS,
General Counsel.

In addition, the following communication was received from the Administrator in response to a letter from the Chairman of the full committee regarding the impact of AIDS on the Veterans Administration:

Office of the
Administrator
of Veterans Affairs

Washington DC 20420

Veterans
Administration

JUN 25 1987

Honorable G. V. (Sonny) Montgomery
Chairman, Committee on Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in further response to your letter regarding the impact of AIDS (Acquired Immune Deficiency Syndrome) on the Veterans Administration.

The Chief Medical Director and the Chief Benefits Director produced the enclosed paper incorporating considerable detail regarding the effect of the AIDS epidemic on the VA and veterans' programs. As you indicated in your letter, the impact of AIDS extends beyond medical treatment of veterans who contract the disease, and the paper contains information on a number of initiatives with respect to research and education as well.

Refined estimates of additional medical and benefits costs will be produced as soon as practicable. In the meantime, rough figures for the coming fiscal year were derived using the best data available.

Thank you for the opportunity to provide this information.

Sincerely,

THOMAS K. TURNAGE
Administrator

Enclosure

FACT SHEET
in response to an inquiry from Chairman Montgomery
June 1987

AIDS is a devastating disease. Over 33,000 cases have been reported to the Centers for Disease Control (CDC). Over 1.5 million people in the U. S. are thought to be infected and this may be a conservative figure; estimates range as high as 4 million. The cumulative death rate is over 55 percent, and the case fatality rate is 90 percent for those who have the disease for three or more years. No cures have been reported.

Treatment of AIDS patients is both labor-intensive and cost-intensive. A host of medical specialties and subspecialties are involved, as well as a significant number of staff members from a variety of allied health arenas, including Social Work Service, Pharmacy, Chaplaincy, etc.

The economic impact of the disease should not be minimized, particularly since AIDS primarily affects people who are young and would ordinarily incur few health-related expenses.

Dr. Jonathan Mann, AIDS Program official with the World Health Organization, has described three phases that nations undergo in coping with the AIDS "issue" or the first AIDS case they encounter: 1) minimization, 2) reluctant acknowledgment, and 3) constructive engagement. We believe that the VA has embarked on its own constructive engagement phase.

AIDS Cases in VA Medical Facilities

The VA's caseload has ranged between 5 and 6 percent of the total number of cases reported to CDC. As of April 30, 1987, 1,933 cases of "full-blown" or CDC-defined AIDS had been reported to VA Central Office. Ten VAMCs have reported 55 percent of the total, as follows:

New York (Manhattan)	- 324	Brooklyn	- 96
West Los Angeles	- 128	East Orange	- 90
San Francisco	- 112	Houston	- 75
Bronx	- 109	San Juan	- 73
Miami	- 99	San Diego	- 57

At least one case has been reported in each of 109 VAMCs. The impact on the VA is therefore differential in character: moderately heavy at several medical centers, minimal on the majority. Based on the Coolfont data (conference sponsored by the Department of Health and Human Services in June 1986), the situation is predicted to worsen dramatically by the end of 1991: 270,000 total cases cumulatively, with 179,000 deaths, again cumulatively, since the beginning of the epidemic in 1981. These figures are now being revised upward because the CDC is modifying its case definition such that more patients will meet the definition.

2.

Based on these data, the VA's caseload could equal 14,000 cases, or 5.0 to 5.8 percent of total reported cases. It is anticipated that the Department of Defense policy on screening all active duty personnel and recruits could reduce the VA's future case load slightly. The anticipated "spill over" of AIDS into the heterosexual community, which will increase the numbers of women and children affected, will have less impact on the VA than on society at large.

SUMMARY OF COSTS -- Treatment

Numerous attempts have been made, within and outside the VA, to arrive at cost projections per case. Interpreting these projections requires care because dollar costs are stated variously in terms of per patient per admission, per patient per year, or per patient per lifetime of the illness. Figures range from $30,000 on the low side to as high as $147,000 on the high.

Costs appear to be coming down, due largely to reduced lengths-of-stay, less use of intensive care facilities, concomitant greater use of ambulatory care services, and improved facility in diagnosing and managing the sundry opportunistic infections associated with AIDS. This does not mean the treatment outlook is any better (except for the emergence of zidovudine, formerly called AZT - in selected cases), but it does reflect that health care professionals have now had over five years of experience working with patients with AIDS and ARC (AIDS-related complex).

A conservative estimate of $20,000 per case per year (excluding zidovudine) is currently being used by the VA. The FY 1988 projected caseload of 1,875 will therefore require an estimated $37.5 million.

Zidovudine treatment is very expensive, currently estimated to cost $8,234 per patient per year. Conservatively, $3 million for zidovudine is estimated for FY 1988, excluding follow-up laboratory work and treatment of side effects.

Laboratory Initiatives

In response to the challenge of AIDS, the VA moved rapidly to expand the Reference Center for Serology at VAMC Lexington to serve the agency as a laboratory to provide both screening and corroborative testing for HIV antibody. Growth of demand for this service has been exponential, and rapidly mounting costs have resulted in development of an innovative financing method, referred to as a "charge back system." This will allow VAMC Lexington to charge other VAMCs for AIDS testing services and to achieve a high level of productivity in the laboratory.

3.

In the three years since its establishment, the Virology Reference Center at VAMC West Haven has gained a nationwide reputation for service and excellence. While the Center has elected to continue offering standard viral serology services as its major mission, it has also established a laboratory for the culture of the AIDS virus. An anticipated benefit of this service will be to enable the center to test the effect of new drugs on the AIDS virus. West Haven is the only VAMC with the capability to grow this virus.

In 1985, the VA anticipated the approaching demand for tertiary testing for AIDS which requires a flow cytometer and monoclonal antibodies. To meet this need, selected VAMCs were provided with this technical capability. Strategically located geographically, VA centers at New York, Albuquerque, San Francisco, Denver, and New Orleans can now serve as VA reference centers, and offer service to the private sector as well, if funded for additional staff and supplies.

SUMMARY OF COSTS -- Laboratory

The estimated annual cost (personnel and supplies) to VAMC Lexington for performing over 15,000 AIDS tests is $132,500. The cost to the VA for screening (ELISA) tests is approximately $5 per test and the cost of the corroborative (Western blot) test is $17 per test. The costs on a fee-basis arrangement in the private sector would range from $12 to $30 and from $25 to $45, respectively, for screening and corroborative procedures.

A conservative estimate of 30,000 AIDS tests in FY 1988 would cost at least $265,000, if in-house facilities are used.

The cost to the VA to perform tertiary testing by flow cytometry will vary from $90 to $120 per specimen depending on the number of monoclonal antibodies used. An estimated 4,000 such tests in FY 1988 would total $420,000. Ten flow cytometers to perform tests in-house would cost a total of $1 million. This same service on a fee-basis arrangement ranges from $400 to $600 per specimen in the New York area.

Non-medical Benefits and AIDS

Compensation and Pension

Due to the limited data currently available, the VA is unable to project a reliable estimate of benefit payments for AIDS-related claims for FY 1988. We are, however, providing a rough estimate based on limited data, assuming no changes in disability ratings. It is likely, though, that the disability evaluations for veterans with AIDS who are rated at less than 100 percent will increase, thereby increasing costs.

Computer capability to identify AIDS-related claims was established in September 1985, and as of May 26, 1987, a total of 288 claims were recorded in the system. This number does not include some cases that were rated prior to the revision of computer design to identify such cases. In 95 of the 288 cases, service-connection for disabilities related to AIDS was established. Nonservice-connected AIDS case numbered 193.

Insurance

The only life insurance program administered by VA and still open to new issues is the Service-Disabled Veterans Insurance (SDVI) program. Individuals who separate, receive a rating for service-connection, and apply within one year of the rating, are eligible for up to $10,000 in life insurance. We estimate that 18 percent of those eligible purchase SDVI. In contrast, because of the nature of the disease, it is reasonable to assume that a high proportion of those discharged with AIDS will purchase SDVI. The $10,000 death benefit can therefore be regarded as a cost associated with AIDS.

Since SDVI insures disabled individuals at standard premium rates, the program does not pay for itself and is supported from the Veterans Insurance and Indemnities (VI&I) appropriation. We assume that most individuals discharged with AIDS will be eligible for waiver of their SDVI premiums. With no offsetting premium collections then, each policy issued will eventually cost $10,000.

Vocational Rehabilitation

The number of veterans service-connected for AIDS and pursuing vocational rehabilitation benefits is expected to be small and will have no measurable effect on costs.

SUMMARY OF COSTS -- Non-Medical Benefits

Estimates are computed on a veteran population only and, because of the limited information currently available, do not take into account adjustments for survivor benefits after veterans' deaths.

An estimate for the compensation program, based on the average benefit payment for disability evaluations, would be approximately $632,000, for 95 service-connected cases.

Pension benefits for 193 nonservice-connected veterans with AIDS could amount to approximately $901,000, based on the average pension benefit payment, and assuming 22 percent would be entitled to the aid and attendance or housebound allowance. It should be noted that some of those cases would probably not qualify for pension benefits, which are payable only to veterans who have wartime service and limited income.

In the insurance program, considering the full death benefit as a cost, 95 service-connected cases will cost the SDVI program $950,000.

5.

Cooperative Efforts, Education, and Research

One of the few positive events related to AIDS is the development of various partnerships among Federal agencies. One such partnership is the DoD/VA Working Group co-chaired by Dr. H. D. Cohn of the VA's Department of Medicine and Surgery and Captain V. Schinski from the Office of the Assistant Secretary for Health in DoD.

The purpose of the DoD/VA Working Group is two-fold:

1. to exchange recent and evolving research and clinical developments

2. to effect the smooth transfer of patients with AIDS or the lesser syndromes (e.g., ARC) from the military to the VA health care system.

(DoD officials project that approximately 550 persons will be medically discharged from the three services over the next two years, potentially seeking continuation of their care in the VA).

The VA has also been an active participant in other groups, including the White House Working Group (WHWG) on AIDS, a group previously chaired by Dr. William Roper, now Administrator of the Health Care Financing Administration. Papers developed by the WHWG have been presented to the Domestic Policy Council by Dr. Roper and others. VA representatives are serving on the Federal Coordinating Committee on AIDS Information Education and Risk Reduction and on the Intragovernmental Task Force on AIDS Health Care Delivery.

In addition to the provision of high quality clinical care for patients with AIDS or ARC, the VA, of course, has a major commitment in terms of educating its health care workers. In this regard, a variety of educational programs have been conducted throughout the system:

- 30,500 VA staff trained in FY 1985 at 129 VAMCs involving individuals from all Services.

- RMEC (Regional Medical Education Center)-sponsored AIDS programs (12 in FY 1986, covering 1240 VA participants; 3 in FY 1987 covering 440 participants)

- 4 CE activities sponsored by CHEPS (Cooperative Health Manpower Education Programs) in FY 1986, covering 53 VA participants

- Other RMEC-sponsored AIDS programs planned for FY 1987

- The VA also participated in distribution of the Surgeon General's Report on AIDS.

6.

While the VA's commitment to research in AIDS has been relatively modest (vis-a-vis DHHS, for example), the system is engaged in the entire spectrum of research on AIDS from basic science studies of the mechanism of AIDS virus infection, through clinical trials of drugs.

In the area of basic research, a number of VA laboratories are studying the mechanism by which the AIDS virus infects cells. Dr. John Ziegler of the San Francisco VAMC is studying the molecular events, triggered by AIDS virus infection, that result in the death of essential cells of the immune system. Dr. Paul Hoffman of the Baltimore VAMC is using a mouse model of AIDS infection to understand how the virus attacks and kills nerve cells.

Dr. Bernard Poiesz of the Syracuse VAMC has been investigating the mechanism by which viruses, similar to AIDS virus, cause certain cancers of the lymphatic system in animals. This area of research is important to understanding why some AIDS patients develop these kinds of cancers. In other animal studies, Dr. Stephen Wright of the Salt Lake City VAMC is working on a vaccine for an AIDS-related animal virus.

In the area of clinic ' research, Dr. Susan Zolla-Pazner of the Manhattan VAMC is investigating the impact of AIDS virus infection on the functioning of the immune system, and Dr. Michael Simberkoff, also of Manhattan, is attempting to improve therapy for the serious infections that attack AIDS victims because their immune system's malfunction. Dr. Wallace Tourtellotte of the West Los Angeles VAMC and Dr. Peter Dowling of the East Orange VAMC are studying infection of the nervous system in patients with AIDS. A number of other VA investigators (Drs. Dobbins, Ann Arbor, and Klotman, Durham) are studying "opportunistic infections" in AIDS patients.

Several VA investigators are actively engaged in the development and testing of new drugs for the treatment of AIDS infection. Dr. Raymond Schinazzi of the Atlanta VAMC is designing new drugs targeted against the unique biochemical pathways of the AIDS virus. Drs. John Bilello and Paul Hoffman of the Baltimore VAMC are supported by the NIH to test new, potentially useful drugs against AIDS. And the VA is carrying out a large-scale, controlled clinical trial of the efficacy of zidovudine (formerly called AZT) treatment in patients with ARC. This trial is supported by special AIDS research funds from the Department of Defense.

7.

Future Plans

In terms of planning for the future, the following concerns or actions occupy our attentions.

- o Continued cooperation with other Federal agencies
- o Review of VA internal cost accounting and reimbursement methodologies
- o Feasibility or desirability of identifying "AIDS Centers" in VAMCs located in the epicenters of the epidemic.
- o Continuation of the zidovudine (AZT) clinical research trial
- o Education (see above).
- o The VA would like to play a role in the recently announced Presidential Commission on AIDS.
- o Establishment of multi-disciplinary teams at all VAMCs that are seeing even relatively small numbers of AIDS cases. Such teams are a must at the major Centers (identified above)
- o Responsiveness to developments, publications, and guidance from DHHS (as in the "lookback" program for transfusion-related AIDS).
- o Increased capability to purchase the requisite sophisticated laboratory equipment used in diagnosis, management, and monitoring of AIDS
- o Joint support (with the U.S. Public Health Service) of increased voluntary testing for the AIDS antibody and for enhanced pre- and post-screening counseling
- o Providing VAMCs with appropriate resources to purchase zidovudine for use as appropriate in veterans with AIDS or serious ARC